



STATE OF CALIFORNIA  
BUSINESS, TRANSPORTATION AND HOUSING AGENCY  
**DEPARTMENT OF CORPORATIONS**  
California's Investment and Financing Authority

**NEWS RELEASE**

**04-15**

**Arnold Schwarzenegger, Governor**

**William P. Wood, Commissioner**

FOR IMMEDIATE RELEASE  
Wednesday, April 21, 2004

Contact: Shad Balch  
(916) 324-9011

**Judge Orders Defunct Moviemakers to Empty Pockets for  
Defrauding Hundreds in Movie Production Investment Scheme**

*Producers Set Up Boiler Room Operation to Make Unsolicited Cold-calls to Potential Investors  
Nationwide – Promised High-profile Actors and up to 400 Percent Return in Movie Making Deals*

**LOS ANGELES ---** Two movie producers who bilked investors of more than \$8 million through fraudulent movie production schemes were ordered to turn over personal assets at a hearing on Monday, including the \$50 in cash the pair had in their pockets, the Department of Corporations announced today.

Following an investigation by the Department in August 2002, Jeffrey Shuken, Richard Houghton, Kirk Friedman and Sean Andrew O'Neal agreed to the Department's request for a permanent injunction issued by a Los Angeles Superior Court Judge on September 5, 2002 to immediately halt illegal movie production activities and to pay \$18.5 million in penalties and restitution. So far, the \$50 handed over yesterday is all that has been collected.

Between November 2000 and May 2001, the four moviemakers sought investors nationwide to raise capital to produce two films – "American Peacekeepers" and "Treasure Hunt" – through various limited liability corporations the group set up. The Department's investigation revealed that in addition to offering an illegal security, the four lied to investors about big-named actors who would be involved, grossly inflated investment returns, and commingled investor funds between the various limited liability companies. More than 200 investors lost money in the scheme and neither film was ever made.

The two defendants who appeared yesterday – Jeffrey Shuken and Richard Houghton – invoked their Fifth Amendment right repeatedly at the court-administered debtor exam, despite handing over the \$50 cash on-hand. A motion to rule on the Fifth Amendment objections is scheduled for May 18, 2004.

The Department of Corporations is California's Investment and Financing Authority. The Department is responsible for the regulation, enforcement and licensing of securities, franchises, off-exchange commodities, investment and financial services, independent escrows, consumer and commercial finance lending and residential mortgage lending. For further information or to obtain a complaint form, please visit the Department's web site at [www.corp.ca.gov](http://www.corp.ca.gov) or call 1-866-ASK-CORP (1-866-275-2677).